

Message Text

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FOR CARTER FROM PA

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SUBJECT: PRESS MATERIAL

1. HERewith FULL TEXT WASHINGTON POST ARTICLE BY LAUR-
ENCE STERN AND FRED BARBASH, WEDNESDAY, JULY 19, HEADED
"CARTER ORDERS TRADE REPRISAL AGAINST SOVIETS."
2. PRESIDENT CARTER HAS DECIDED TO IMPOSE NEW CONTROLS
ON SALES OF AMERICAN OIL TECHNOLOGY TO THE SOVIET UNION
AND TO CANCEL THE CONTROVERSIAL SPERRY UNIVAC COMPUTER
SALE TO TASS, THE SOVIET NEWS AGENCY, ADMINISTRATION OF-
FICIALS DISCLOSED YESTERDAY.
3. THE ECONOMIC DECISIONS ARE IN REPRISAL FOR LAST
WEEK'S POLITICAL TRIALS IN THE SOVIET UNION RESULTING
IN PRION TERMS FOR DISSIDENTS ANATOLY SCHARANSKY AND
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ALEXANDER GINZBURG.

4. ALTHOUGH THERE WAS NO OFFICIAL ANNOUNCEMENT OF THE
NEW PRESIDENTIAL ACTION, THE WORD WAS PASSED BY WHITE
HOUSE OFFICIALS TO SOME NEWS MEDIA.
5. UNTIL NOW THE PRESIDENT HAS CONFINED HIMSELF TO

PUBLIC DENUNCIATION OF THE SOVIET TRIALS WITHOUT

SPECIFIC THREATS OF POLITICAL OR ECONOMIC REPRISAL.

6. THE PRESIDENT'S NEW ACTION WOULD NOT IMPOSE AN OUT-RIGHT BAN ON OIL TECHNOLOGY DEALS WITH THE SOVIET UNION. BUT IT WOULD REQUIRE COMPANIES TO SUBMIT ALL PROPOSAL SALES FOR REVIEW BY THE NATIONAL SECURITY COUNCIL AND ULTIMATE PRESIDENTIAL APPROVAL, ACCORDING TO ADMINISTRATION OFFICIALS.

7. THE EXPORT LICENSES FOR THE SALES COULD THEN BE DENIED FOR FOREIGN POLICY OR NATIONAL SECURITY REASONS, AS THE SPERRY UNIVAC LICENSE IS BEING DENIED.

8. CURRENTLY, ONLY THE MOST SOPHISTICATED OIL TECHNOLOGY IS ON THE COMMERCE DEPARTMENT'S COMMODITIES CONTROL LIST. THE ORDER WILL REQUIRE REVIEW OF ALL THOSE SALES TO RUSSIA AND OTHER COMMUNIST BLOC COUNTRIES REGARDLESS OF SOPHISTICATION.

9. SECRETARY OF COMMERCE JUANITA KREPS AGREED TO THE PRESIDENTIAL ACTION ONLY WITH "GRAVE RESERVATIONS," ACCORDING TO STANLEY MARCUS, DEPUTY ASSISTANT COMMERCE SECRETARY.

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10. "SHE HAS MADE IT VERY CLEAR THAT SHE OPPOSES THIS APPROACH," MARCUS SAID LAST NIGHT. "HER BASIC FEELING IS THAT THE CIRCUMSTANCES ARE RARE IN WHICH WE CAN AFFECT POLICY" THIS WAY.

11. BUSINESSES THAT TRADE WITH THE SOVIET UNION ARGUE THAT THE COMMUNIST COUNTRIES WILL BE ABLE TO PURCHASE MOST OF THEIR NEEDS FROM OTHER NATIONS.

L2. CARTER'S ACTION FELL SOMEWHAT SHORT OF A PROPOSAL BY SEN. HENRY JACKSON (D-WASH.) AND OTHER SENATORS THAT THE ADMINISTRATION ORDER CANCELLATION OF A DOLS 144 MILLION ARRANGEMENT NEGOTIATED BY DRESSER INDUSTRIES, OF DALLAS, TO SELL THE SOVIETS A MODERN PLANT FOR PRODUCING OIL WELL DRILLING BITS.

13. THAT TRANSACTION ALONE COULD AMOUNT TO NEARLY HALF THE DOLLAR VOLUME OF SOVIET-AMERICAN NONAGRICULTURAL TRADE THIS YEAR. CONGRESSIONAL CRITICS OF THE DRESSER DEAL SAY THE PLANT WOULD SUBSTANTIALLY ENHANCE THE SOVIETS' ABILITY TO EXPLOIT THEIR VAST, BUT IN MANY CASES REMOTE, OIL RESERVES.

14. ADMINISTRATION SOURCES SAID THAT THE SPERRY UNIVAC SALE TO TASS WAS CANCELED UNDER THE COMMODITIES CONTROL PROVISIONS. SOPHISTICATED COMPUTERS ARE ON THE CONTROL LIST, AND THE SPERRY UNIVAC LICENSE APPLICATION HAS BEEN TURNED DOWN.

15. ONE OFFICIAL SAID THE COMPUTER IN THE TASS SALE IS OF A SIZE AND CAPABILITY MANY TIMES THAT OF ANYTHING ELSE EXPORTED." THE SOVIETS CAN RE-APPLY IF THEY WISH, AN OFFICIAL SAID.

16. THERE WAS NO HINT YESTERDAY OF HOW MUCH FURTHER THE ADMINISTRATION INTENDS TO GO IN ECONOMIC RETALIATION FOR UNCLASSIFIED

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THE SOVIET TRIALS, TO WHICH THE PRESIDENT HAS OBJECTED ON HUMAN RIGHTS GROUNDS.

17. THE ADMINISTRATION'S HEAVIEST ECONOMIC LEVERAGE AGAINST THE SOVIET UNION IS GRAIN TRADE. UNDER A 1975 AGREEMENT, THE U.S. GUARANTEED TO SELL THE SOVIETS SIX MILLION TO EIGHT MILLION METRIC TONS OF GRAIN EVERY YEAR THROUGH 1981, AND WELL OVER DOLS BILLION WORTH WILL BE SOLD THIS YEAR.

18. STRONG SUPPORT FOR PRESERVING AT LEAST THIS ASPECT OF DETENTE EXISTS AMONG AMERICAN GRAIN FARMERS AND THEIR CONGRESSIONAL REPRESENTATIVES.

19. THERE WAS SOME CONFUSION LAST NIGHT AS TO WHETHER THE ACTION WOULD AFFECT THE DRESSER INDUSTRIES SALES.

20. MARCUS SAID THAT EQUIPMENT WAS ALREADY SUBJECT TO EXPORT REVIEW AND HAD BEEN APPROVED, AND THE APPROVAL WOULD NOT BE RESCINDED.

21. J.J. MURPHY, A SPOKESMAN FOR DRESSER, SAID HE BELIEVED THE CARTER DECISION WOULD IMPOSE NEW CONTROLS ON THEIR TRANSACTIONS. HE AND A SPOKESMAN FOR SPERRY-UNIVAC SAID THEY HAD NOT BEEN APPRISED OF THE PRESIDENT'S STEPS AS OF LATE LAST NIGHT. CHRISTOPHER

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